

SANTA BARBARA COUNTY

Audit Report

HANDICAPPED AND DISABLED STUDENTS PROGRAM

Chapter 1747, Statutes of 1984,
and Chapter 1274, Statutes of 1985

July 1, 2000, through June 30, 2003



STEVE WESTLY
California State Controller

September 2005



STEVE WESTLY
California State Controller

September 23, 2005

The Honorable Robert W. Geis
Auditor-Controller
Santa Barbara County
105 East Anapamu Street, Room 303
Santa Barbara, CA 93102

Dear Mr. Geis:

The State Controller's Office audited the claims filed by Santa Barbara County for costs of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) for the period of July 1, 2000, through June 30, 2003.

The county claimed \$5,242,338 for the mandated program. Our audit disclosed that \$3,735,860 is allowable and \$1,506,478 is unallowable. The unallowable costs occurred primarily because the county claimed ineligible costs and overstated units of service. The State paid the county \$1,279,455. The State will pay allowable costs claimed that exceed the amount paid, totaling \$2,456,405, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/ams

cc: James L. Broderick, Ph.D., Director
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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by Santa Barbara County for costs of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) for the period of July 1, 2000, through June 30, 2003. The last day of fieldwork was September 2, 2004.

The county claimed \$5,242,338 for the mandated program. The audit disclosed that \$3,735,860 is allowable and \$1,506,478 is unallowable. The unallowable costs occurred primarily because the county claimed ineligible costs and overstated units of service. The State paid the county \$1,279,455. The State will pay allowable costs claimed that exceed the amount paid, totaling \$2,456,405, contingent upon available appropriations.

Background

Chapter 26 of the *Government Code*, commencing with Section 7570, and *Welfare and Institutions Code* Section 5651 (added and amended by Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) require counties to participate in the mental health assessment for "individuals with exceptional needs," participate on the expanded Individualized Education Program (IEP) team, and provide case management services for "individuals with exceptional needs" who are designated as "seriously emotionally disturbed." These requirements impose a new program or higher level of service on counties.

On April 26, 1990, the Commission on State Mandates (COSM) determined that Chapter 1747, Statutes of 1984, resulted in state-mandated costs that are reimbursable pursuant to *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on August 22, 1991, and it was last amended on August 29, 1996. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies in claiming reimbursable costs.

Parameters and Guidelines states that only 10% of mental health treatment costs are reimbursable. However, on September 30, 2002, Assembly Bill 2781 (Chapter 1167, Statutes of 2002) changed the regulatory criteria by stating that the percentage of treatment costs claimed by counties for fiscal year (FY) 2000-01 and prior fiscal years is not subject to dispute by the SCO. Furthermore, this legislation states that, for claims filed in FY 2001-02 and thereafter, counties are not required to provide any share of those costs or to fund the cost of any part of these services with money received from the Local Revenue Fund established by *Welfare and Institutions Code* Section 17600 et seq. (realignment funds). As a result, allowable mental health treatment costs for Santa Barbara County increased by \$1,209,561 during the audit period (no increase for FY 2000-01, \$604,743 for FY 2001-02, and \$604,818 for FY 2002-03).

**Objective,
Scope, and
Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Handicapped and Disabled Students Program for the period of July 1, 2000, through June 30, 2003.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Section 17558.5. We did not audit the county's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Santa Barbara County claimed \$5,242,338 for costs of the Handicapped and Disabled Students Program. Our audit disclosed that \$3,735,860 is allowable and \$1,506,478 is unallowable.

For FY 2000-01, the State paid the county \$986,116. Our audit disclosed that \$1,074,550 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$88,434, contingent upon available appropriations.

For FY 2001-02, the State paid the county \$293,310. Our audit disclosed that \$1,363,900 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,070,590, contingent upon available appropriations.

For FY 2002-03, the State paid the county \$29. Our audit disclosed that \$1,297,410 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,297,381, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on April 22, 2005. James Broderick, Director, Department of Alcohol, Drug, and Mental Health Services, responded by letter dated June 6, 2005, disagreeing with Finding 1 and agreeing with the remaining findings. The county's response is included as an attachment to this final audit report.

Restricted Use

This report is solely for the information and use of Santa Barbara County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Schedule 1— Summary of Program Costs July 1, 2000, through June 30, 2003

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2000, through June 30, 2001</u>				
Assessment and case management costs	\$ 894,075	\$ 1,838,507	\$ 944,432	Findings 1, 3
Administrative costs	70,827	104,427	33,600	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(503,883)	(503,883)	Finding 3
EPSDT funds	—	(401,753)	(401,753)	Finding 3
State categorical funds (SEP)	—	(69,529)	(69,529)	Finding 5
Realignment funds	—	—	—	
Net assessment and case management costs	<u>964,902</u>	<u>967,769</u>	<u>2,867</u>	
Treatment costs	1,471,666	2,258,075	786,409	Findings 1, 3
Administrative costs	5,938	58,608	52,670	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(647,323)	(647,323)	Finding 3
EPSDT funds	—	(516,119)	(516,119)	Finding 3
State categorical funds (SEP)	—	(85,432)	(85,432)	Finding 5
Realignment funds	<u>(1,329,844)</u>	<u>(961,028)</u>	<u>368,816</u>	Finding 6
Net treatment costs	<u>147,760</u>	<u>106,781</u>	<u>(40,979)</u>	
Total program costs	<u>\$ 1,112,662</u>	<u>1,074,550</u>	<u>\$ (38,112)</u>	
Less amount paid by the State		<u>(986,116)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 88,434</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Assessment and case management costs	\$ 716,218	\$ 1,594,903	\$ 878,685	Findings 1, 2, 3
Administrative costs	65,007	107,018	42,011	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(510,692)	(510,692)	Finding 3
EPSDT funds	—	(427,167)	(427,167)	Finding 3
State categorical funds (SEP)	—	(72,099)	(72,099)	Finding 5
Realignment funds	—	—	—	
Net assessment and case management costs	<u>781,225</u>	<u>691,963</u>	<u>(89,262)</u>	
Treatment costs	1,806,659	1,833,273	26,614	Findings 1, 2, 3
Administrative costs	99,809	30,463	(69,346)	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(603,849)	(603,849)	Finding 3
EPSDT funds	—	(505,088)	(505,088)	Finding 3
State categorical funds (SEP)	—	(82,862)	(82,862)	Finding 5
Realignment funds	—	—	—	
Net treatment costs	<u>1,906,468</u>	<u>671,937</u>	<u>(1,234,531)</u>	
Total program costs	<u>\$ 2,687,693</u>	<u>1,363,900</u>	<u>\$ (1,323,793)</u>	
Less amount paid by the State		<u>(293,310)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,070,590</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
July 1, 2002, through June 30, 2003				
Assessment and case management costs	\$ 543,530	\$ 1,614,140	\$ 1,070,610	Findings 1, 2, 3
Administrative costs	41,874	138,332	96,458	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(613,947)	(613,947)	Finding 3
EPSDT funds	—	(513,135)	(513,135)	Finding 3
State categorical funds (SEP)	—	—	—	
Realignment funds	—	—	—	
Net assessment and case management costs	<u>585,404</u>	<u>625,390</u>	<u>39,986</u>	
Treatment costs	821,906	1,990,913	1,169,007	Findings 1, 2, 3
Administrative costs	34,673	54,100	19,427	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(747,900)	(747,900)	Finding 3
EPSDT funds	—	(625,093)	(625,093)	Finding 3
State categorical funds (SEP)	—	—	—	
Realignment funds	—	—	—	
Net treatment costs	<u>856,579</u>	<u>672,020</u>	<u>(184,559)</u>	
Total program costs	<u>\$ 1,441,983</u>	<u>1,297,410</u>	<u>\$ (144,573)</u>	
Less amount paid by the State		<u>(29)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,297,381</u>		
Summary: July 1, 2000, through June 30, 2003				
Assessment and case management costs	\$ 2,153,823	\$ 5,047,550	\$ 2,893,727	Findings 1, 2, 3
Administrative costs	177,708	349,777	172,069	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(1,628,522)	(1,628,522)	Finding 3
EPSDT funds	—	(1,342,055)	(1,342,055)	Finding 3
State categorical funds (SEP)	—	(141,628)	(141,628)	Finding 5
Realignment funds	—	—	—	
Net assessment and case management costs	<u>2,331,531</u>	<u>2,285,122</u>	<u>(46,409)</u>	
Treatment costs	4,100,231	6,082,261	1,982,030	Findings 1, 2, 3
Administrative costs	140,420	143,171	2,751	Finding 4
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	—	(1,999,072)	(1,999,072)	Finding 3
EPSDT funds	—	(1,646,300)	(1,646,300)	Finding 3
State categorical funds (SEP)	—	(168,294)	(168,294)	Finding 5
Realignment funds	<u>(1,329,844)</u>	<u>(961,028)</u>	<u>368,816</u>	Finding 6
Net treatment costs	<u>2,910,807</u>	<u>1,450,738</u>	<u>(1,460,069)</u>	
Total program costs	<u>\$ 5,242,338</u>	<u>3,735,860</u>	<u>\$ (1,506,478)</u>	
Less amount paid by the State		<u>(1,279,455)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,456,405</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Ineligible costs claimed

The county claimed costs for various services that are ineligible.

- The county claimed costs for services that were reimbursed through other federal or state funding to other county departments, such as Probation and Social Services. Many of these services were provided to clients in Juvenile Hall or detention camps.
- The county claimed costs for medication monitoring, crisis intervention, emergent concern, and therapeutic behavioral services, which are ineligible.
- The county inadvertently claimed employee time coded in its accounting records as non-billable (ineligible).

Parameters and Guidelines specifies that only actual increased costs incurred in the performance of the mandated activities and adequately documented are reimbursable. *Parameters and Guidelines* also specifies that only the following treatment services are reimbursable: individual therapy; collateral therapy and contacts; group therapy; day treatment; and the mental health portion of residential treatment in excess of California Department of Social Services payments for residential placement. Further, in its April 26, 1990, Statement of Decision on the claim of Santa Clara County, the Commission on State Mandates determined that involuntarily detained juvenile offenders are specifically targeted as priority populations and do not qualify for IEP-related mental health services.

As a result, we have adjusted claimed costs for ineligible services as follows.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Assessment/case management costs:				
Juvenile Hall/detention camps	\$ (32,999)	\$ (34,355)	\$ (29,879)	\$ (97,233)
Non-billable employee time	(3,650)	(148)	—	(3,798)
Total assessment/case management	<u>(36,649)</u>	<u>(34,503)</u>	<u>(29,879)</u>	<u>(101,031)</u>
Treatment:				
Juvenile Hall/detention camps	(152,720)	(124,645)	(178,001)	(455,366)
Medication monitoring	(145,547)	(80,225)	(55,927)	(281,699)
Crisis intervention	(50,411)	(20,028)	(18,660)	(89,099)
Emergent concern	(82,223)	(17,295)	(4,559)	(104,077)
Therapeutic behavioral services	<u>(43,054)</u>	<u>(19,256)</u>	<u>(11,428)</u>	<u>(73,738)</u>
Total treatment	<u>(473,955)</u>	<u>(261,449)</u>	<u>(268,575)</u>	<u>(1,003,979)</u>
Audit adjustment	<u>\$ (510,604)</u>	<u>\$ (295,952)</u>	<u>\$ (298,454)</u>	<u>\$ (1,105,010)</u>

Recommendation

We recommend the county ensure that costs claimed are eligible increased costs incurred as a result of the mandate and are supported by appropriate documentation.

County's Response

A summary of the county's response follows.

- The county stated that services rendered to Probation Department clients are separately tracked and reimbursed under a Memorandum of Understanding (MOU). Thus the auditor's exclusion of the costs of the services is in error and violates the terms of the MOU.
- The county stated that it limited claimed costs for medication monitoring, crisis intervention, emergent concern, and therapeutic behavioral services to the cost of physician and nursing activities related to medication management, and did not claim the cost of the actual medications. Medication management activities are eligible under provisions of the *California Code of Regulations* and the *Government Code*.

The county stated that crisis intervention costs claimed represent mental health outpatient services provided to temporarily acute clients in the normal course of mental health treatment, and do not include psychiatric emergency visits. It believes that the SCO auditor disallowed these costs due to a misinterpretation of the types of costs in this classification.

- The county agreed that some non-billable employee time was inadvertently claimed.

SCO's Comment

The finding and recommendation remain unchanged.

We disagree with the county's arguments noted in the first two bulleted items above, as follows.

- The Commission on State Mandates has ruled that involuntarily detained juvenile offenders do not qualify for IEP-related mental health services. In addition, *Parameters and Guidelines* specifies that any reimbursements received as a result of mandated activities must be deducted from the claims.
- As currently amended, *Parameters and Guidelines* do not list medication monitoring, crisis intervention, emergent concern, or therapeutic behavioral services costs as reimbursable activities, and therefore they remain unallowable.

**FINDING 2—
Unsupported units of
service claimed**

For FY 2001-02 and FY 2002-03, the county inadvertently claimed costs for units of service that exceeded the units supported by the county's management information system database.

Parameters and Guidelines specifies that only actual increased costs incurred in the performance of the mandated activities that are adequately documented are reimbursable.

As a result, we have adjusted claimed costs to reflect actual services provided, as follows.

	Fiscal Year		Total
	2001-02	2002-03	
Assessment/case management costs	\$ (81,150)	\$ (93,960)	\$ (175,110)
Treatment costs	(887,655)	(17,476)	(905,131)
Audit adjustment	<u>\$ (968,805)</u>	<u>\$ (111,436)</u>	<u>\$ (1,080,241)</u>

Recommendation

We recommend the county ensure that costs claimed are eligible increased costs incurred as a result of the mandate and are supported by appropriate documentation.

County's Response

The county agreed with the finding.

SCO's Comment

The finding and recommendation remain unchanged.

FINDING 3— Costs for Medi-Cal services not claimed

The county did not claim the costs of any services provided to Medi-Cal clients. It was unclear why these costs were excluded from the claims. These costs are largely reimbursed from Short-Doyle/Medi-Cal funds (federal financial participation share) and from state matching funds received from the California Department of Mental Health under the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) Program, but the unfunded portion is allowable to the extent the services are allowable.

Parameters and Guidelines specifies that actual increased costs incurred in the performance of the mandated activities and adequately documented are reimbursable. *Parameters and Guidelines* also specifies that any direct payments received from the State that are specifically allocated to the program, and any other reimbursements received as a result of the mandate, must be deducted from the claims.

As a result, we have adjusted claimed costs and related revenue offsets as follows.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Assessment/case management costs	\$ 981,081	\$ 994,338	\$ 1,194,449	\$ 3,169,868
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(503,883)	(510,692)	(613,947)	(1,628,522)
EPSDT funds	(401,753)	(427,167)	(513,135)	(1,342,055)
Net assessment/case management costs	<u>75,445</u>	<u>56,479</u>	<u>67,367</u>	<u>199,291</u>
Treatment costs	1,260,364	1,175,718	1,455,058	3,891,140
Offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(647,323)	(603,849)	(747,900)	(1,999,072)
EPSDT funds	(516,119)	(505,088)	(625,093)	(1,646,300)
Net treatment costs	<u>96,922</u>	<u>66,781</u>	<u>82,065</u>	<u>245,768</u>
Audit adjustment	<u>\$ 172,367</u>	<u>\$ 123,260</u>	<u>\$ 149,432</u>	<u>\$ 445,059</u>

Recommendation

We recommend the county ensure that costs claimed are eligible increased costs incurred as a result of the mandate and are supported by appropriate documentation.

County's Response

The county agreed with the finding.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 4—
Claimed
administrative costs
misstated**

The county made various errors in its computation of reimbursable administrative costs.

- The county used estimated rather than actual amounts of federal and state reimbursements as offsets to claimed administrative costs.
- The county did not offset administrative costs with reimbursements from other sources.
- The county did not include the cost of services provided to Medi-Cal clients when computing its administrative overhead rate.
- For FY 2000-01, the county reduced its administrative costs allocable to treatment services by 90%, and then reduced its total treatment costs by 90%, resulting in administrative costs claimed for treatment services at only 1% of actual costs.

Parameters and Guidelines specifies that only actual increased costs incurred in the performance of the mandated activities and adequately documented are reimbursable.

We have recomputed allowable administrative costs and made the following adjustments, which also reflect the adjustments made in Findings 1 through 3 above.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Administrative costs:				
Assessment/case management costs	\$ 33,600	\$ 42,011	\$ 96,458	\$ 172,069
Treatment costs	52,670	(69,346)	19,427	2,751
Audit adjustment	<u>\$ 86,270</u>	<u>\$ (27,335)</u>	<u>\$ 115,885</u>	<u>\$ 174,820</u>

Recommendation

We recommend the county ensure that administrative costs are properly computed and claimed.

County's Response

The county agreed with the finding.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 5—
Offsetting revenues
not deducted from
claimed costs**

For FY 2000-01 and FY 2001-02, the county did not report Special Education Pupil (SEP) categorical funds, also known as AB 3632 funds, received from the State as an offset to claimed costs.

Parameters and Guidelines specifies that any direct payments (categorical funds) received from the State that are specifically allocated to the program, and any other reimbursements received as a result of the mandate, must be deducted from the claims.

As a result, we have adjusted claimed revenue offsets as indicated below. We distributed the revenues between assessment/case management costs and treatment costs in direct proportion to costs allowable under each category.

	Fiscal Year		
	2000-01	2001-02	Total
Offsetting revenues:			
State categorical funds (SEP)			
Assessment/case management costs	\$ (69,529)	\$ (72,099)	\$ (141,628)
Treatment costs	(85,432)	(82,862)	(168,294)
Audit adjustment	<u>\$ (154,961)</u>	<u>\$ (154,961)</u>	<u>\$ (309,922)</u>

Recommendation

We recommend the county ensure that SEP funds are reported as offsets to program costs and allocated equitably to all mental health services for which the funds were intended.

County's Response

The county agreed with the finding.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 6—
Non-reimbursable
treatment costs
overstated**

The county offset 90% of treatment costs by realignment funds. However, since we adjusted the amount of allowable treatment costs in Findings 1 through 5 above, the county's required offset is overstated.

Parameters and Guidelines specifies that 10% of mental health treatment costs covered by the State's Short-Doyle Act are reimbursable.

We have computed the required adjustment to allowable net treatment costs claimed, as follows.

	Fiscal Year 2000-01
Audit adjustments to treatment costs in Findings 1 through 5	\$(409,795)
Required offset to treatment costs	× 90%
Audit adjustment	<u>\$ 368,816</u>

Recommendation

No recommendation is necessary, because the adjustment resulted from Findings 1 through 5 presented in this report.

County's Response

The county agreed with the finding, but stated that it should be modified to reflect any changes to Findings 1 through 5.

SCO's Comment

As no changes have been made to Findings 1 through 5, this finding and recommendation also remain unchanged.

**Attachment—
County's Response to
Draft Audit Report**



COUNTY OF SANTA BARBARA

Making a Difference Since 1962

Alcohol, Drug & Mental Health Services
Administration

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James L. Broderick, Ph.D.
Director

June 6, 2005

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
Division of Audits
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

The State Controller's Office conducted a field audit of the claims filed by Santa Barbara County – Alcohol Drug and Mental Health Services for costs of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985). The audit period covered three fiscal years; 2000-01, 2001-02, and 2002-03. The total net disallowance stated in the draft audit report totaled \$1,506,478.

We have carefully examined the issues raised in the State Controller's draft findings, dated April 22, 2005, and are submitting our response to each issue. We request that our response be considered when the State Controller issues a final audit report.

FINDING 1: Ineligible costs claimed (Disallowance Amount \$1,105,010).

(a) The county claimed costs for services that were reimbursed through other federal or state funding to other county departments, such as Probation or Social Services. Many of those services were provided to clients in Juvenile Hall or detention camps.

Carrie Topliffe, C.P.A.
Assistant Director
Administration

Heidi A. Garcia, M.F.T.
Assistant Director
Mental Health Programs

R. Jeffrey Davis, D.O.
Medical Director

Al Rodriguez
Assistant Director
Alcohol & Drug Program

(b) The county claimed costs for medication monitoring, crisis intervention, emergent concern, and therapeutic behavior services, which are ineligible.

(c) The county inadvertently claimed employee time coded in its accounting records as non-billable (ineligible).

RESPONSE:

(a) Revenue from County Departments – The County strongly disagrees with the conclusion of the State Controller and their adjustment to eliminate costs characterized as services/costs being reimbursed by other County departments. Services rendered to Probation department clients are separately tracked and reimbursed under the terms and agreements of a Memorandum of Understanding (MOU). The MOU in its statement of work specifically identifies Probation clients as the unique target population for these services. Thus the field auditor's proposed adjustment to exclude units of services related to SB90 eligible clients is in error and violates the agreements made under the MOU. State mandate reimbursement is a constitutionally guaranteed right that locals are granted by Article XIIIb, Section 6 of the State Constitution.

(b) Claimed costs for medication monitoring, crisis intervention, emergent concern, and therapeutic behavior services – The County limited its claim to include only the cost of physician and nursing activities related to the assessment and prescription of psychiatric medications, also referred to as *medication management*.

The costs of the actual medications specifically identified as “unallowable AB3632 costs”, were appropriately excluded from the claim. State mandated costs claiming for medication support activities is supported by the applicable regulations; Title 2, Division 9, Chapter 1 of California Code of Regulations, Section 60020; Government code 7576; and Interagency Responsibilities Code of Regulations.

Reduction amount: plus flow-through impact

15/70 Crisis Intervention – The County objects to the disallowance of these costs. These are mental health outpatient services provided to temporarily acute clients in the normal course of mental health treatment and are included as a sub-function of the “mental health services” function code. It is our position that this portion of the disallowance was the result of misinterpretation by the State Controller of the types of costs categorized under this service function code. These costs do not include psychiatric emergency visits.

Reduction amount: plus flow-through impact

(c) Non-billable time inadvertently claimed: The County concurs with this finding, based on our review of the documentation.

FINDING 2: Unsupported units of service claimed (Disallowance Amount \$1,080,241)

RESPONSE: The County concurs with this finding. The computation of actual costs in the preparation of the claim for fiscal year 2001-02 inadvertently duplicated units of service.

FINDING 3: Costs for Medi-Cal services not claimed (Adjustment: Increased revenue of \$445,059)

RESPONSE: The County concurs with this finding, based on our review of the documentation.

FINDING 4: Claimed administrative costs misstated (Adjustment: Increase in our claimable costs of \$174,820)

RESPONSE: The County concurs with this finding, based on our review of the documentation.

FINDING 5: Offsetting revenues (SEP AB 3632 Funds for 00-01 and 01-02) not properly deducted from claimed costs (Disallowance \$309,922)

RESPONSE: The County concurs with this finding. The offsetting revenues were inadvertently omitted from deductions from claimed costs.

FINDING 6: Non-reimbursable treatment costs overstated

RESPONSE: This flow-through adjustment reflects the impact to the 90% offset of treatment expenses resulting from Findings 1 – 5.

We appreciate the opportunity to provide this input and look forward to a fair and equitable resolution of these findings prior to the issuance of the final audit report.

Sincerely,

James L. Broderick PhD / by J. Pando
James Broderick, Ph.D. *Medical Director*
Director *Adm. Hr.*
County of Santa Barbara
Alcohol Drug and Mental Health Services

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